

LOCAL GOVERNMENT PROPERTY INSURANCE FUND

Advisory Committee Meeting

Thursday, April 12th, 2012

9:30 a.m. – 1:30 p.m.

Office of the Commissioner of Insurance

GEF 3

125 South Webster, Room 227

Madison, WI

Minutes

PRESENT:

Connie Goss	Chair/Risk Manager	Chippewa County
Brenda Ayers	Clerk/Treasurer	Town of Burke
Keith Brightman	Asst. Superintendent F/O	School District of Elmbrook
Dennis Dietscher	Acting Director/Risk Mgmt.	Milwaukee County
Paul Greeninger	Purchasing Agent	City of Oshkosh
Dan Lowndes	Risk Manager	Dane County
Chris Luttrell	Risk Mgmt. Coordinator	Milwaukee Metropolitan Sewerage District
Christy Mertes	City Administrator/Treasurer	City of Cedarburg
Chris Murphy	Business Manager	Verona Area School District
Laura Stauffer	Risk Manager	Waukesha County
Eric Veum	Risk Manager	City of Madison
Tom Wohlleber	Asst. Superintendent	Middleton-Cross Plains Schools

VIA TELECONFERENCE:

Gary Hansen	Superintendent	Rosendale-Brandon School District
Julee Helt	Village Clerk	Village of Waunakee
Brian Margan	Risk Manager	Outagamie County

GUESTS:

Louis Cornelius	Administrator	Funds and Program Management, OCI
Danielle Rogacki	Program Manager	Local Government Property Ins. Fund, OCI
Debbie Claeys	CEO	The ASU Group
Brynn Hansen	Account Manager	The ASU Group
Fiona Wilby	Administrative Asst.	The ASU Group
Alan Wiltgen	Underwriting	The ASU Group
Suzane Wolf-Pierce	Policy Services	The ASU Group
Gary Strohm	Partner	Strohm Ballweg
Ryan Strohm	Senior Accountant	Strohm Ballweg
Stan Miller	Client Executive	Willis
Dave Armstrong	Service Center Manager	Crawford & Company
Bill Ellingson	Team Leader	Crawford & Company
Halona Lippert	Claims Adjuster	Crawford & Company
Kory Dogs	Managing Director	CBIZ Valuation Group
John Rath		RMC
Mike Zagrodnik		Baird Insurance
Dean Boes	CEO/Executive Director	WMMIC

ABSENT:

Janice DeMeuse	Business Manager	Luxemburg-Casco School District
Louise Fischer	Finance Director	Merrill Area Public Schools
Barbara Frank	Clerk	Jefferson County
Diane Kropiwka	2 nd Vice Chair/Admin. Asst.	City of Mauston
Doug Saubert	Vice Chair/Finance Director	City of Whitewater
John Steinbrink	President	Village of Pleasant Prairie

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I. CALL TO ORDER

Chair Connie Goss called the meeting to order at 9:40 a.m.

II. WELCOME AND INTRODUCTIONS

Connie Goss asked everyone to introduce themselves, and made a special note to welcome Brian Margan who has volunteered to take Chris Luttrell's open position.

III. REVIEW AND APPROVAL OF AGENDA ITEMS

Connie Goss suggested that the Annual Election of Officers be moved to the end of the agenda to facilitate the flow of the meeting.

IV. REVIEW AND APPROVAL OF PAST MINUTES

The minutes for the October 6th, 2011 Advisory Committee meeting were reviewed.

A motion to approve the minutes from the Advisory Committee meeting held October 6th, 2011 was made by Brenda Ayers, seconded by Dan Lowndes. By majority vote the motion was passed.

V. MANAGER'S REPORT

Danielle Rogacki advised that the LAB audit has been completed and a link to this report has been posted on the Fund's webpage. Danielle was very pleased with the report, especially LAB's synopsis of how the dividend has led to the Fund's current surplus dilemma. Connie Goss echoed that sentiment and felt that the report validates the Advisory Committee's commitment to rate stability.

The Fund bound their Excess of Loss coverage effective March 31, 2012. Lexington is carrying the lead layer, with RSUI and Starr Specialty/Maiden Specialty sharing the remainder. The Fund secured an additional \$25M in overall coverage with Chubb, and an additional \$25M in Flood coverage through Lexington.

Danielle showed the Advisory Committee some outreach materials that were developed by ASU and Crawford. These materials still need to be approved by the sub-committees. The survey

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results were very good for both ASU and Crawford; however the surveys were very limited in how much feedback they generated. A new 5 point survey has been developed with that in mind, and will be implemented in July.

Kory Dogs gave a brief overview of the services provided by CBIZ, and what specifically they will be doing for the Fund. He commented on the findings of the pilot program for the Valuation Project. Errors were found in the following areas: square footage, finished vs. non-finished square footage, multiple locations listed for a single building and mislabeling of buildings.

A motion to approve the Manager's Report was made by Dan Lowndes, seconded by Paul Greeninger. The motion was passed unanimously.

VI. FINANCIAL REPORT

Gary Strohm discussed the highlights of his financial report, notably that the Fund suffered a \$1.8M underwriting loss. Of additional concern is the Fund's surplus ratio which currently stands at 0.87:1, far from the target ratio of 1.4:1. Gary expressed his approval of how LAB discussed the history of how the current surplus ratio came into being, and how the Fund is handling this challenge, in their Legislative Audit Report on LGPIF, Fiscal Years 2009, 2010, and 2012.

VII. ADMINISTRATOR'S REPORT

A. CLAIMS:

The current claim count is down from the prior year, as are the number of claim payments. Subrogation and salvage recoveries have been notably high since the last Advisory Committee meeting. Especially salvage recoveries which are currently at 20%, in comparison to the industry average of 11%. Connie asked that Crawford expand their Cause of Loss report to include more detail.

B. POLICY:

Policy counts and premium numbers remain consistent. ASU advised that Amy Hawley has moved onto a new career opportunity. She has been replaced by Suzane Wolfe-Pierce. Suzane's expertise is in training and agency management. ASU is encouraging any insured's who wish to have individualized training to contact them.

ASU invited Mike Zagrodnik to address the Advisory Committee to share his perspective on the Fund's and the Commercial Property Insurance market.

A motion to approve the Manager's Report, Financial Report and the Administrator's Report was made by Tom Wohlleber, seconded by Paul Greeninger. The motion was passed unanimously.

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VIII. APPOINTMENT OF NEW SUBCOMMITTEE MEMBERS

A motion was made to appoint Brian Margan to the Loss Control & Claims Subcommittee, Gary Hansen to the Rate Subcommittee, and to replace Doug Saubert with Dan Lowndes on the Policy & Underwriting Subcommittee, by Chris Murphy. Motion was seconded by Christy Mertes and was passed unanimously.

IX. SUBCOMMITTEE REPORTS

A. LOSS CONTROL & CLAIMS

A motion to approve the recommendations from the Loss Control & Claims Subcommittee was made by Eric Veum, seconded by Dennis Dietscher. By majority vote the motion was passed.

B. POLICY & UNDERWRITING

*The following motion was made by Tom Wohlleber:
"The Advisory Committee does not support the \$1.5M cap on surface water coverage and requests that OCI continue to research additional coverage options and risk assessment tools." The motion was seconded by Dennis Dietscher and passed unanimously.*

A motion to accept the changes to the Pier and Wharf Endorsement was made by Tom Wohlleber, seconded by Dan Lowndes. The motion was passed unanimously.

The subcommittee has also asked OCI to send a letter to the Fund's insured asking for suggestions in regards to possible coverage options to enhance the surface water/flood coverages.

C. BY-LAWS

A motion to approve the recommendations from the By-Law Subcommittee was made by Eric Veum, seconded by Dennis Dietscher. By majority vote the motion was passed.

D. EXCESS OF LOSS

A motion to approve the recommendations from the Excess of Loss Subcommittee was made by Laura Stauffer, seconded by Chris Murphy. By majority vote the motion was passed.

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E. RATE ANALYSIS

A motion to approve the recommendations from the Rate Analysis Subcommittee was made by Tom Wohlleber, seconded by Chris Murphy. By majority vote the motion was passed.

X. ANNUAL ELECTION OF OFFICERS

Tom Wohlleber nominated the following individuals:

Eric Veum for Chair
Connie Goss for Vice Chair
Diane Kropiwka for Second Vice Chair

Tom Wohlleber moved to close the nominations and cast ballots. Laura Stauffer seconded and the motion was passed unanimously.

XI. OTHER MATTERS AUTHORIZED BY LAW

There were no items for discussion.

XII. NEXT MEETING DATE

A motion to approve the next tentative meeting date of October 4th, 2012 was made by Dan Lowndes, seconded by Chris Murphy, and passed unanimously.

XIII ADJOURNMENT

A motion to adjourn the meeting was made by Dan Lowndes, seconded by Chris Murphy, and passed unanimously.